

AMENDED IN SENATE MAY 17, 2005

Senate Joint Resolution

No. 12

**Introduced by Senators Chesbro, Ackerman, Cox, Denham,
Figueroa, Florez, Machado, Margett, and Perata**

(Coauthors: Assembly Members Aghazarian, Benoit, Berg, Bermudez,
Blakeslee, DeVore, Jones, Laird, Maze, Mullin, Nakanishi, Nation,
Nava, Salinas, and Wolk)

April 25, 2005

Senate Joint Resolution No. 12—Relative to wine labeling.

LEGISLATIVE COUNSEL'S DIGEST

SJR 12, as amended, Chesbro. Wine: user fees.

This measure would memorialize Congress to oppose and defeat a 2006 budget proposal for \$29 million in user fees to be collected by the Department of Treasury's Tax and Trade Bureau for wine label, formula, and permit applications and administrative costs.

Fiscal committee: no.

- 1 WHEREAS, California is the fourth largest wine producer in
- 2 the world after France, Italy, and Spain; and
- 3 WHEREAS, The California wine industry has an annual
- 4 impact of \$45.4 billion on the state's economy, and produces the
- 5 number one finished agricultural product in the state; and
- 6 WHEREAS, The California wine industry creates more than
- 7 200,000 jobs, billions of dollars in economic activity, and
- 8 preserves agricultural land and the family farm; and
- 9 WHEREAS, The California wine industry generates higher
- 10 taxes than most industries because, as a regulated industry, it
- 11 pays excise taxes to state and federal governments on every
- 12 bottle of wine; and

1 WHEREAS, California receives over \$2 billion in taxes and
2 other business licenses and fees from the wine industry; and

3 WHEREAS, The federal government, other states, and local
4 municipalities collect an additional \$3.7 billion in tax revenues a
5 year from the California wine industry; and

6 WHEREAS, Winery tourism is very popular and contributes
7 significantly to the rural economy, as many state tourism
8 departments feature their wineries as major tourist attractions and
9 prompt tourism expenditures of some \$1.3 billion annually; and

10 WHEREAS, The California wine industry is a leader in the
11 stewardship of natural resources and the environment,
12 preservation of agricultural land and open space, and overall
13 enhancement of Californians' lifestyles; and

14 WHEREAS, Wineries are almost always located in rural areas,
15 near the source of the winegrapes, and the combination of
16 vineyards and wineries provides a stable, year-round, and
17 flexible base of rural employment; and

18 WHEREAS, Wineries and winegrape growers have made a
19 major commitment to implement sustainable practices, that are
20 environmentally sound, economically viable, and socially
21 responsible; and

22 WHEREAS, Despite the challenges of intense global
23 competition, trade barriers, agricultural pests, and the constant
24 threat of increased taxes and regulations, the state's wine
25 industry is strong and is a major contributor to the economic
26 vitality of California; and

27 WHEREAS, The federal 2006 budget proposes \$29 million in
28 user fees to be collected by the Department of the Treasury's Tax
29 and Trade Bureau for wine label, formula, and permit
30 applications and administrative costs; and

31 WHEREAS, Federal law requires Tax and Trade Bureau
32 approval for any changes to wine labels, including any changes
33 in vintage dating, blending requirements, source of grapes, and
34 alcohol content, resulting in virtually all wine labels needing
35 annual federal approvals; and

36 WHEREAS, Since 80 percent of the 110,000 labels approved
37 annually by the federal Tax and Trade Bureau are submitted by
38 wineries, this proposal would have a serious impact on the
39 nation's 4,000 small family owned wineries; and

1 WHEREAS, Most of California's 1,100 wineries are small
2 family owned businesses and will shoulder a disproportionate
3 share of this new cost; and

4 WHEREAS, Congress would have to pass authorizing
5 legislation to implement the new fee proposed in the 2006 federal
6 budget; now therefore, be it

7 *Resolved by the Senate and the Assembly of the State of*
8 *California, jointly,* That the Legislature of the State of California
9 memorializes the Congress of the United States to protect and
10 preserve the ability of small family owned wineries to contribute
11 to the economy of California and the nation by opposing and
12 defeating the 2006 budget proposal for \$29 million in user fees to
13 be collected by the Department of Treasury's Tax and Trade
14 Bureau for label, formula, and permit applications and
15 administrative costs; and be it further

16 *Resolved,* That the ~~Chief Clerk~~ *Secretary* of the Senate
17 transmit copies of this resolution to the President of the United
18 States, and to all members of the Congress of the United States.